

Message Text

PAGE 01 RIO DE 01664 01 OF 02 161348 Z

41 40

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 L-03 JUSE-00 OMB-01 COME-00

TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 SS-15 NSC-10

RSR-01 /064 W

----- 078250

R 161204 Z MAY 73

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 8354

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 1 OF 2 RIO DE JANEIRO 1664

E. O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: ANTITRUST CASE U. S. V. IBM

REF: STATE 69913

CONGEN HAS BEEN ABLE TO OBTAIN FOLLOWING INFORMATION ON IBM
ACTIVITIES IN BRAZIL:

1. ORGANIZATION

A) IBM DO BRASIL, INDUSTRIA, MAQUINAS E SERVICOS LTDA.

B) DOMICILE: AVENIDA PRESIDENTE VARGAS, 824, RIO DE JANEIRO, GB

C) CORPORATE FORM: LIMITED PARTNERSHIP

D) CAPITALIZATION: CR\$205,752,000 (AS OF JANUARY 10, 1972).

E) SHAREHOLDERS: IBM WORLD TRADE CORPORATION, 821, UNITED
NATIONS PLAZA, NEW YORK, N. Y. 100017.

SHARE: 99.1 PERCENT. INTERNATIONAL BUSINESS MACHINES CO.
LTD., 1150 EGLINTON AVENUE, EAST, DON MILLS 402, ONTARIO,
CANADA. SHARE: 0.1 PERCENT.

F) OFFICERS: J. B. DE ABREU AMORIM, DIRECTOR PRESIDENT.
PAULO COELHO LEITE, DIRECTOR. A. A. SABOIA LIMA, DIRECTOR
COUNSELOR. F. A. BRASCOMBE, FINANCIAL DIRECTOR. JOSE THOMAS
NABUCO, DIRECTOR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 RIO DE 01664 01 OF 02 161348 Z

G) PLANTS: IN RIO DE JANEIRO, GUANABARA AND SUMARE, SAO PAULO
MANUFACTURING KEY PUNCHES, VERIFYERS, AND MAGNETIC TAPE DRIVERS.

2. MARKET SHARE ESTIMATES:

IBM: 75 PERCENT

BURROUGHS: 15 PERCENT

OTHERS, INCLUDING SPERRY RAND, NCR, HONEYWELL BULL, SIEMENS,
AND OLIVETTI: 10 PERCENT.

3. BRAZILIAN IMPORTS OF:

A) ELECTRONIC COMPUTERS -- 1968 - 1972.

VALUE IN \$1,000' S

COUNTRY OF

ORIGIN	1968	1969	1970	1971#	1972#
TOTAL	7,501	12,442	25,212	42,999	51,569
USA	3,585	8,595	17,796	27,826	21,852
W. GERMANY	228	634	1,809	3,125	10,292
JAPAN	1,512	1,229	2,609	4,743	5,755
FRANCE	563	384	817	2,046	3,456
ITALY	31	380	584	1,350	2,964
U. K.	111	347	1,059	1,768	2,532
OTHER	1,471	873	538	891	4,722

B) PUNCHING, SORTING AND TABULATING MACHINES & SIMILARS:

	1968	1969	1970	1971#	1972#
TOTAL	2,340	1,416	883	67	153
U. S.	178	524	320	35	96
OTHERS	2,162	892	563	32	57

C) PARTS AND ACCESSORIES FOR STATISTICAL MACHINES:

	1968	1969	1970	1971#	1972#
TOTAL	3,792	4,676	10,929	6,172	8,467
U. S.	1,191	1,596	3,852	2,802	3,376
FRANCE	197	318	1,074	528	1,310
U. K.	1,560	1,183	2,231	850	1,088
OTHERS	844	1,579	3,772	1,992	2,693

NOTE: STATISTICAL CLASSIFICATION CHANGED IN 1971.

FIGURES FOR 1971 AND 1972 MAY NOT BE STRICTLY COMPARABLE TO
FIGURES FROM SIMILAR CATEGORIES IN YEARS 1969-1970.

4. PUNCHING, SORTING AND TABULATING MACHINES & SIMILAR:

VALUE IN \$000' S:

	1968	1969	1970	1971#	1972#
LIMITED OFFICIAL USE					
LIMITED OFFICIAL USE					

PAGE 03 RIO DE 01664 01 OF 02 161348 Z

TOTAL	7,575	9,209	12,491	10,853	10,606
US	-	15	-	278	457
W. GERMANY	1,605	2,952	3,878	4,191	1,889
JAPAN	-	-	-	-	2,433
FRANCE	1,416	2,572	3,942	612	1,087
OTHERS	4,554	3,670	4,671	5,772	4,740

B) PARTS AND ACCESSORIES FOR STATISTICAL MACHINES:

	1968	1969	1970	1971#	1972#
TOTAL	32	79	3,329	2,858	(*140)
US	0.2	40	2,893	2,388	4,972
OTHERS	31.8	39	436	470	2,168

5. TARIFFS AND TAXES ON IMPORTED EQUIPMENT: RESOLUTION
1432 OF SEPTEMBER 9, 1972, PROVIDES TOTAL IMPORT TAX EXEMPTION
FOR DATA PROCESSING EQUIPMENT WHEN NO SIMILAR PRODUCTS ARE
MANUFACTURED IN BRAZIL. COMPUTER EQUIPMENT NOT QUALIFYING IS
SUBJECT TO FOLLOWING TARIFFS AND TAXES:
CUSTOMS DUTY: 10 PERCENT.
INDUSTRIAL PRODUCTS TAX (IPI) : 18 PERCENT.
STATE TURNOVER TAX (ICM): 16 PERCENT.

LIMITED OFFICIAL USE
NMAFVVZCZADP000
LIMITED OFFICIAL USE

PAGE 01 RIO DE 01664 02 OF 02 161436 Z

50
ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 L-03 JUSE-00 OMB-01 COME-00

TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 SS-15 NSC-10

RSR-01 /064 W
----- 078735

R 161204 Z MAY 73
FM AMCONSUL RIO DE JANEIRO
TO SECSTATE WASHDC 8355
INFO AMEMBASSY BRASILIA
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 2 OF 2 RIO DE JANEIRO 1664

6. GOVERNMENT POLICY.
AS STATED IN RATIONALE OF DECREE 70,731 OF APRIL 5, 1972
(SEE RIO A-190 OF AUG 4, 1972) PRINCIPAL GOB OBJECTIVES IN
COMPUTER FIELD ARE:
A) ENABLE BRAZILIAN INDUSTRY TO DEVELOP AND MANUFACTURE COMPUTER
HARDWARE;
B) INCREASE PRODUCTIVITY OF EXISTING OR NEW EQUIPMENT BEING
INSTALLED; AND
C) MAKE OPTIMAL USE OF EXISTING HUMAN RESOURCES AND SOFTWARE
PROGRAMS.
TO ATTAIN THESE OBJECTIVES, GOB IS FINANCING RESEARCH ON
MICROCIRCUITS AND PRECISION MECHANICS; PLANNING MANUFACTURE
OF NATIONAL MINI COMPUTER FOR PROCESS CONTROL IN PARTNERSHIP
WITH BRAZILIAN AND FOREIGN PRIVATE COMPANIES; ENCOURAGE PRIVATE
SECTOR TO INCREASE PRODUCTIVITY THROUGH ACCESS TO FINANCING
FOR PURCHASE OF COMPUTER EQUIPMENT AND TRAINING OF SPECIALIZED
PERSONNEL; AND PROMOTING EFFICIENCY IN GOB USE OF COMPUTERS
THROUGH COMMISSION FOR COORDINATION OF ELECTRONIC DATA PROCESS-
ING (CAPRE).

7. LOCAL ATTITUDE TOWARD IBM.
A) LOCAL ATTITUDE TOWARD IBM GENERALLY FAVORABLE. IBM PLANTS

IN BRAZIL MAKE SUBSTANTIAL CONTRIBUTION TO BRAZILIAN EXPORTS.
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 RIO DE 01664 02 OF 02 161436 Z

GOB REPORTEDLY VIEWS WITH FAVOR IBM PLANS TO ASSEMBLE COMPUTER IN BRAZIL, WITH MOST OF PRODUCTION EXPORTED. ONLY SUGGESTION OF GOB DISSATISFACTION WITH IBM WAS REFUSAL OF BANK OF BRAZIL FOREIGN TRADE DEPARTMENT (CACEX) IN MID-1972 TO APPROVE IMPORT OF IBM COMPUTER (FINANCED BY AID LOAN) AT IBM INTERNATIONAL " LIST PRICE". NONETHELESS, FOLLOWING INCIDENT, GOB HAS CONTINUED TO PURCHASE IBM EQUIPMENT.

B) ANTITRUST CASE AGAINST IBM HAS PROVOKED NO SIGNIFICANT LOCAL REACTION.

8. EFFECT IN BRAZIL OF BREAKUP OF IBM.

A) IBM BREAKUP WOULD STRENGTHEN COMPETITIVE POSITION OF OTHER NON- BRAZILIAN COMPUTER MANUFACTURERS IN BRAZILIAN MARKET AND WOULD PROBABLY HAVE NEGATIVE IMPACT ON US COMPUTER EXPORTS TO BRAZIL.

B) SINCE BRAZIL PRESENTLY DOES NOT HAVE CAPACITY TO BUILD NATIONAL COMPUTER WITHOUT FOREIGN PARTNER, IBM BREAKUP WOULD IMPROVE CHANCES OF NON- IBM FOREIGN COMPANY PARTNERSHIP WITH GOB OR BRAZILIAN PRIVATE COMPANY TO BUILD COMPUTER.

C) ASSIGNMENT OF LOCAL IBM OPERATIONS TO ONE SUCCESSOR COMPANY RATHER THAN TWO OR MORE HAS ADVANTAGE OF MAKING OPTIMAL USE OF BRAZIL' S LIMITED SKILLED MANPOWER IN COMPUTER FIELD.

9. ANTITRUST ACTION.

ANTITRUST SUITS MAY BE FILED IN BRAZIL. GOB ENTITY RESPONSIBLE FOR INVESTIGATING AND PROSECUTING ABUSES OF ECONOMIC POWER IS CONSELHO ADMINISTRATIVO DE DEFESA ECONOMICA (CADE). LIKELY CLAIMANTS IN ANY ANTITRUST SUIT AGAINST IBM WOULD BE COMPETITORS LISTED IN PARA 2 ABOVE.

10. ALL ABOVE INFORMATION MAY BE MADE PART OF PUBLIC RECORD.
BOONSTRA

LIMITED OFFICIAL USE

NMAFVVZCZ

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973RIODE01664
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730558/abqcdzwp.tel
Line Count: 202
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 69913
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by boyleja>; APPROVED <16-Jan-2002 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST CASE U. S. V. IBM
TAGS: ETRD, BR
To: STATE INFO BRASILIA
SAO PAULO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005